

SUBCOMMITTEE NO. 2

Outcomes

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Outcomes Part I: AB 32

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Resources—Environmental Protection—Energy

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0555 Secretary for Environmental Protection

1. California Global Warming Solutions Act of 2006

Action: Approve two positions for the purposes of overseeing the activities of the Climate Action Team, and for tracking state agency climate activities and greenhouse gas reductions as per the law. Reject contract funds.

In addition, in order to ensure that state agencies actually adopt and implement their own internal measures to reduce greenhouse gas emissions, the Subcommittee adopted trailer bill establishing a “State Agency Greenhouse Gas Reduction Report Card” that does the following:

1. Establishes a routine, consistent, public, and quantified set of reports and metrics for state agencies to use to show the progress they are making in reducing their greenhouse gas emissions consistent with AB 32 and the Administration’s Climate Action Team (CAT) Report, and to have those reports and metrics independently audited and verified.
2. Requires each state agency to submit to the Governor and Legislature, and to post on its website and/or the Climate Action Team website, its current greenhouse gas emissions, the target reductions it is responsible for under the CAT Report, and its progress in meeting those targets by the dates established under the CAT Report.
3. Requires the positions approved in the budget for the Secretary of Cal-EPA to compile the information into a clear, standardized format and publish a “State Agency Greenhouse Gas Reduction Report Card” once every six months.
4. Require the Bureau of State Audits to review the reports and prepare an independent audit to review the numbers and activities prepared by state agencies to verify that they are in fact achieving the targeted emission reductions.

Vote: 2-1 (Wyland)

3900 State Air Resources Board

2. Funding Sustainability

Action: adoption of the following supplemental report language:

Item 3900-001-0115. The Air Resources Board shall submit a report to the Legislature, in conjunction with the submittal of the 2008-09 Governor’s Budget, on its long-term funding plan to fund the state’s greenhouse gas emissions reduction programs, including its estimate of future-year costs of these programs, how these future-year costs would be funded, and

whether the administration proposes either increasing existing fees and/or creating new fees to support the identified funding requirements.

Also, adopted additional language stating the legislature's intent that the funding of the AB 32 program from APCF and MVA is a temporary arrangement, that the Administration to find an appropriate, stable, and ongoing funding stream for the AB 32 implementation program as the MVA/APCF have other important claims on those funds, that the Administration should do an assessment and provide plan for the 2008-09 budget year that finds another way to provide long-term funding for the program, and that the plan, to the extent feasible, show how the APCF will be refunded with the funds used in the budget yet for climate.

Vote: 2-1 (Wyland)

3. Implementation of the California Global Warming Solutions Act of 2006

Action: The Subcommittee took the following actions:

1. Approve positions for greenhouse gas emissions inventory (19 positions, \$900,000 contracts, \$150,000 equipment).
2. Approve 12 positions and \$300,000 in contract funds to begin preparation of scoping plan due in fiscal year 2008-2009.
3. Approve positions for adoption and implementation of rules and regulations for reduction of greenhouse gas emissions as follows:
 - a. Approve requested 5 positions, and augment by an additional 12 positions, for adoption and implementation of early action measures as specified under AB 32.
 - b. Approve requested 27 positions for source-specific emission reductions, and augment by an additional 14 positions. Adopt budget bill language which specifies that these positions may be used solely for direct emission reductions as defined under AB 32.
 - c. Approve 2 positions to begin assessment and evaluation of market-based compliance mechanisms for incorporation into scoping plan and for consideration by the state board consistent with AB 32 requirements. Adopt budget bill language requiring that these positions evaluate and assess all market-based compliance mechanisms (including rebates, carbon-based emission fees, auction mechanisms, as provided under AB 32), and not simply "cap-and-trade."
4. Approve 8 positions for development of methodologies for voluntary greenhouse gas emission reductions as specified under AB 32 and adopt trailer bill language requiring, to the extent the ARB adopts a forestry protocol for early credit, that it use the preexisting forestry

protocols established under law by the Climate Action Registry unless the state board determines they need to be updated based upon new scientific evidence.

5. Approve the following contract funds for activities associated with (3) and (4) above and disapprove all other contract funding for those items (see page 1-21 of the Administration's BCP):
 - a. \$500,000 to support rulemaking (early action measures).
 - b. \$200,000 for Life Cycle Analyses of the GHG emissions associated with the production of biofuels.
 - c. \$300,000 for source test method development and emissions testing for perfluorocarbons, methane from area-wide sources, and alternative solvents.
 - d. \$250,000 for technology innovations and cost assessment and prediction of market impacts of the innovations.
 - e. \$100,000 for the development of electronic record-keeping and reporting tools.
 - f. \$1,000,000 for the development of emissions reduction credit methodologies and/or protocols for businesses, water and local governments.
6. Approve as budgeted studies and scientific analyses positions and contract dollars (5 positions, \$1.8 million in contract dollars, and \$100,000 in equipment).
7. Act on public outreach and support positions as follows:
 - a. Reject positions for Public Utilities Commission and California Energy Commission "coordination" until the Administration presents a clear and comprehensive description of assignment of responsibilities among the energy agencies and the ARB on greenhouse gas reduction actions for the electricity and natural gas sectors.
 - b. Approve the 2 requested positions for advisory committees with budget bill language that requires those positions to be used to staff those committees established by law under AB 32 (i.e. the Environmental Justice Advisory Committee and the Economic and Technology Advancement Advisory Committees) and adopt trailer bill language ensuring that both committees are subject to state public notice and open meeting laws.
 - c. Reject the international consultation and outreach positions (2 positions), but approve the legislative outreach positions (2 positions).
 - d. Approve the requested 4 legal positions, the 4 information technology support positions, and the 7 administrative support positions.

8. Adopt trailer bill language prohibiting the use of any staff for rulemaking development or adoption of market-based compliance mechanisms in the budget year until the scoping plan is complete, ARB findings have been made relative to the use of those mechanisms, and the other conditions for the use of market-based compliance mechanisms have been met, as required under AB 32.

Vote: 2-1 (Wyland)

Substitute Motion: Senator Wyland introduced a substitute motion to fund the 24 positions for market-based mechanism research and related contract funding.

Vote: 1-2 (Lowenthal, Steinberg)

3910 California Integrated Waste Management Board

4. Implementation of the California Global Warming Solutions Act

Action: Approve funding for one position, reject the contract funds, and adopted trailer bill language to require the position to develop and implement a state minimum standard and best management practices for landfill operations that controls methane emissions from those facilities by July 1, 2008.

Vote: 2-1 (Wyland)

3960 Toxic Substances Control

5. Achieving California Global Warming Solutions

Action: Reject Governor's proposal

Vote: 3-0

8570 Department of Food and Agriculture

6. Implementation of the Global Warming Solutions Act of 2006

Action: Approve the identical amount of funding from the Department of Food and Agriculture Fund, notwithstanding restrictions on those funds, and adopt budget bill language and trailer bill language directing CDFA to develop and implement a methane capture program only (no soil sequestration) and prohibit any funds from being taken from local county agricultural commissioners.

Vote: 2-1 (Wyland)

3860 Department of Water Resources

7. Proposition 84 Multi-Benefit Planning and Feasibility Studies

Action: Subcommittee adopted the following actions:

1. Reject the budget proposal and finance letter.
2. Adopt Trailer Bill Language as follows:
 - a. Require DWR to evaluate and, where feasible and where it doesn't increase costs to ratepayers, seek to renegotiate CERS contracts to reduce fossil fuel consumption and increase use of renewable energy.
 - b. Require DWR, in its procurement of electricity, to abide by the same greenhouse gas emissions performance standards applicable to investor-owned utilities and municipal utilities.
 - c. Require DWR, by 7/1/08 to adopt standards for water/energy efficiency for projects and activities within its jurisdiction for the reduction of GHG emissions.
3. Adopt Supplemental Report Language that requires DWR to report on the following semi-annually:
 - a. Actions it is taking to phase out use of coal power from its Reid Gardner Plant and to replace it with other less carbon intensive energy.

- b. Actions it is taking to reduce fossil fuel use in its CERS contracts and to replace that fuel with less polluting energy resources.
- c. The amount and sources of electric power used to convey water in the state Water Project and actions it is taking to reduce fossil fuel use and increase energy efficiency in state water project operations.
- d. Actions it is taking to reduce energy and water consumption through its statutory and regulatory authority and through the disbursement of bond funds.

Vote: 2-1 (Wyland)

3360 Energy Commission

8. Energy Related Climate Strategy Analysis

Action: Subcommittee took the following actions:

1. Approve the positions requested but reject the contract funds.
2. Require that the positions be used for the following activities that are within the CEC's jurisdiction and that reduce greenhouse gas emissions:
 - a. Increased oversight and enforcement of existing state building standards. The CEC estimates that the standards it adopts are enforced only 60% of the time and greater oversight/assistance is needed for local building departments to implement the standards – Two positions.
 - b. Review and revision of the CEC's power-plant siting regulations to ensure that they are "optimized" to reduce greenhouse emissions in the siting and construction of new power-plants – One position.
 - c. Enforcement of the state's greenhouse gas emission performance standard on municipal utilities – Two positions.

Vote: 2-1 (Wyland)

10. Climate Change: Increasing the Use of Alternative Fuels

Action: reject the budget proposal

Vote: 3-0

8660 Public Utilities Commission

10. AB 32 – Climate Change Activities

Action: Reject the budget proposal

Vote: 3-0